

The Week That Was

U.S. equities endured a volatile and generally weak stretch for most of the week, with subdued volumes reflecting investor caution ahead of Chair Powell's Jackson Hole address. Concerns about Federal Reserve policy direction remained the dominant theme.

Powell struck a notably dovish tone in his speech at the Jackson Hole Symposium on Friday, citing labor market risks and tariff effects while stressing flexibility. Markets interpreted his remarks as opening the door to the first rate cut since 2024, fueling a sharp rally Friday.

Market Performance

- **S&P 500 & Nasdaq:** The S&P 500 squeaked out a gain for the week on Friday's 1.5% rally, while the Nasdaq's 1.9% gain on Friday couldn't erase the weakness from early in the week.
- **Dow Jones Industrial Average:** Hit another ATH on particular strength in UNH as it was disclosed that Berkshire Hathaway, as well as a handful of other well known investors, took an equity stake in the shares as reported in the 2Q 13F's.
- **Trading Volumes:** Significantly below average, suggesting investors were waiting for Powell's policy guidance and general seasonality.

Other Drivers

- **Labor Market:** Initial jobless claims rose to 235,000, with continuing claims also climbing—evidence of softening conditions that could justify Fed action.
- **Earnings:** Retail sector earnings disappointed, most notably Walmart's miss and tariff-driven guidance cut, pressuring consumer and utility stocks.

The Week Ahead

Markets face some meaningful data releases that could shape expectations for Fed policy and the growth theme.

- **Macroeconomic releases:**
 - *Thursday:* Second estimate of Q2 GDP (initial print: 3.0%).
 - *Friday:* Core PCE (Fed's preferred inflation gauge), July personal income and spending, goods trade balance (advance), wholesale inventories, and University of Michigan consumer sentiment. Friday's data cluster will be pivotal for assessing inflation trends, consumer resilience, and Q3 growth.
- **Earnings highlights:**
 - *Wednesday:* NVIDIA (NVDA), Snowflake (SNOW), CrowdStrike (CRWD).
 - *Thursday:* Dell (DELL).
 - Results from market leaders will offer insight into tech/AI momentum.

Bottom line: Wednesday's Nvidia's earnings could weigh heavily on markets given their 8% weight in the index and heavy influence across the AI theme. Coupled with PCE on Friday—next week could set the tone for markets into September.

Markets In Focus: The Week That Was and What's On Tap

Week-Ending 8/22/2025

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